

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

October 17, 2012
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

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| Mayor W. J. "Jim" Lane, Scottsdale, Chair | * Mark Killian, The Killian Company/Sunny Mesa, Inc. |
| Mayor Jackie Meck, Buckeye, Vice Chair | * Lt. Governor Stephen Roe Lewis, Gila River Indian Community |
| F. Rockne Arnett, Citizens Transportation Oversight Committee | * Garrett Newland, Macerich |
| Ron Barnes, Total Transit | * Mayor Marie Lopez Rogers, Avondale |
| # Mayor Bob Barrett, Peoria | Mayor Georgia Lord, Goodyear |
| * Dave Berry, Swift Transportation | # Mayor Elaine Scruggs, Glendale |
| * Jed Billings, FNF Construction | Councilmember Jack Sellers, Chandler |
| * Councilmember Ben Cooper, Gilbert | Mayor Scott Smith, Mesa |
| Mayor Mark Mitchell, Tempe | * Mayor Greg Stanton, Phoenix |
| * Councilmember Dick Esser, Cave Creek | # Karrin Kunasek Taylor, DMB Properties |
| Joseph La Rue, State Transportation Board | Supervisor Max W. Wilson, Maricopa County |
| | Mayor Sharon Wolcott, Surprise |
- * Not present
Participated by telephone conference call
+ Participated by videoconference call

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair W. J. "Jim" Lane at 12:05 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Mayor Elaine Scruggs, Mayor Bob Barrett, and Karrin Kunasek Taylor participated in the meeting by telephone.

Chair Lane welcomed Mayor Mark Mitchell of Tempe to his first meeting as a member of the TPC.

Chair Lane stated that this was the last TPC committee meeting for Mayor Elaine Scruggs, a charter member of the TPC, and former Vice Chair and Chair. Chair Lane thanked Mayor Scruggs for making a difference through her leadership and service to the TPC and to this region.

Mayor Scruggs stated that the TPC made all the difference with transportation. She said that she was proud to have been a part of the growth of MAG, which is a very professional organization. Mayor Scruggs wished the TPC well and said she knew it would do great things to build the transportation system it designed.

Chair Lane requested that members of the public fill out blue cards for Call to the Audience and yellow cards for consent or action items on the agenda, and then turn in the cards to staff, who will bring them to him. He stated that parking garage validation and transit tickets for those who used transit to attend the meeting were available from staff.

3. Call to the Audience

Chair Lane stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Transportation Policy Committee requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

No requests for public comment were received.

4. Approval of the September 19, 2012, Meeting Minutes

Supervisor Wilson moved to approve the September 19, 2012, meeting minutes. Vice Chair Meck seconded, and the motion passed unanimously.

5. Arterial Life Cycle Program Project Removal and Gilbert Road Light Rail Extension

Eric Anderson, MAG Transportation Director, first expressed his appreciation to Mayor Scruggs for her leadership. Mr. Anderson stated that he had worked closely with Mayor Scruggs for the past twenty years or so, and he noted that ten years ago this month, the TPC was in the second month of its development of the Regional Transportation Plan.

Mr. Anderson stated that the City of Mesa is requesting to remove federal Surface Transportation Program (STP) funds from sixteen (16) Arterial Life Cycle Program (ALCP) projects and use the funding to design, purchase right-of-way, and construct a 1.9 mile light rail transit (LRT) extension on Main Street, from Mesa Drive to Gilbert Road. Since the funding stream that is associated with the 16 street projects does not align with the timing needed for the light rail construction, Mesa would provide interim funding using Transportation Project Advancement Notes (T-PAN), which

would be paid back with federal STP funds. Mr. Anderson noted that the light rail segment is scheduled to open in 2017. Mr. Anderson stated that reimbursements to Mesa would be subject to any changes in the ALCP schedule.

Mr. Anderson stated that the average daily ridership on the light rail system is 50,000, a number that exceeds the 20-year forecast. He stated that the Sycamore Station, which is the end of the light rail line in the East Valley, accounts for nearly ten percent of the light rail ridership and has seen a 16.3 percent increase in ridership between 2009 and 2011.

Mr. Anderson stated that Gilbert Road provides a better end of line station than Mesa Drive because it provides better north/south access, is nearby downtown Mesa and has connections to Loop 202, SR-87, and the Santan Freeway. He noted that the average daily ridership for the Central Mesa extension, currently under construction, is projected at 4,500 and the Gilbert Road Extension is projected to add another 4,000 riders daily.

Mr. Anderson explained that regional sales tax funds from Proposition 400 cannot be moved between programs but federal funds can be moved. For example, Surface Transportation Program (STP) funds can be used for a wide variety of projects, including transit projects. Mr. Anderson stated that Mesa has identified federally funded, Mesa ALCP street projects that are low priority or are unlikely to be completed. He reported that Mesa will issue financing since project funding requirements and payments to Mesa will be subject to ALCP schedule adjustments.

Mr. Anderson advised that the addition of a light rail extension of over one mile triggers the RTP Major Amendment Process under the statutory provisions of Proposition 400. He added that the removal of street projects does not trigger the RTP Major Amendment Process, which applies only to transit and freeways.

Mr. Anderson stated that the ALCP projects proposed for deletion include Meridian Road, Higley Road Parkway, projects that are now the responsibility of a developer, or projects no longer needed in the timeframe of the ALCP.

Mr. Anderson stated that the Meridian Road project borders the jurisdictions of Maricopa and Pinal Counties, and he added that there is little development on the Pinal County side of the street. He reported that the project is not needed in the planned time horizon due to a change in the rate and pattern of development, and additionally, there are major drainage issues east of Meridian Road.

Mr. Anderson stated that the Higley Road Parkway project was originally envisioned as a north/south parkway. He said that the project proposed grade separated intersections, which would severely restrict access to businesses on Higley Road. In addition, constructability issues and neighborhood impacts make this project not feasible.

Mr. Anderson stated that road projects on Guadalupe Road and Baseline Road would be the responsibility of developers. He noted that maps in the agenda packet show the configurations and reasons the projects were being proposed to be deleted from the ALCP. Mr. Anderson pointed out

the unimproved areas and said that they anticipate that improvements to the roadway will be made by the developer when the adjacent land is developed. He noted that the economic downturn could not have been anticipated ten years ago.

Mr. Anderson stated that Country Club and Brown is a project that is no longer needed. He said that intersection was to be improved to provide three through lanes, however, Country Club is a six-lane roadway and Brown Road is a four-lane roadway west of Country Club. Mr. Anderson stated that MAG ran an analysis on this intersection with the current configuration and the results showed that improvements to the intersection are not needed due to low projected traffic volume.

Mr. Anderson stated that another project no longer needed is Thomas Road north of Loop 202, which borders in part the Salt River Pima-Maricopa Indian Community. He stated that improvements are not needed as there is no development nearby and low traffic volume is anticipated.

Mr. Anderson stated that the Gilbert Road Light Rail Extension project cost estimate totals \$133 million (\$112 million in construction and \$21 million in interest). He advised that Mesa's cost responsibility will be \$7.2 million, which represents the 5.7 percent local match required for federally-funded projects, and will be covered by savings from other projects.

Mr. Anderson reviewed the schedules for the Central Mesa Extension and the Gilbert Road Extension. If recommended for approval by the TPC, action is anticipated by the Regional Council on October 24, 2012. Mr. Anderson stated that an approval will trigger consultation on the proposed Major Amendment, which will require that formal votes be taken by the Maricopa County Board of Supervisors, the Regional Public Transportation Authority (RPTA), and the State Transportation Board. He stated that the cities, towns, Indian communities, and CTOC can submit comments but do not need to vote.

Mr. Anderson stated that presentations of the proposal will be given to the MAG Transportation Review Committee on October 25, 2012, and the Management Committee on November 7, 2012. He explained that this item began at the TPC level because it represents a major policy shift.

Mr. Anderson stated that following the Major Amendment consultation, the item would be brought back to the MAG Management Committee, Transportation Policy Committee, and Regional Council for action in January 2013 to amend the Regional Transportation Plan and Transportation Improvement Program to incorporate the changes, pending air quality conformity. After the finding of conformity, action to amend the Regional Transportation Plan and Transportation Improvement Program is anticipated in February 2013.

Mr. Anderson displayed the requested action and summarized it by saying it would remove the 16 projects from the ALCP, reallocate those funds to the light rail project to Gilbert Road, and initiate the major amendment process to add the 1.9 mile light rail segment.

Chair Lane thanked Mr. Anderson for his report and asked if there were questions.

Dennis Smith asked Mr. Anderson to explain the assumption of risk of a loan. Mr. Anderson stated that typically, an agency provides financing to advance a project and the repayment is by future federal funds. He added that if adjustments need to be made to the repayment schedule for the ALCP, the repayments to the agency would also shift. For example, ALCP repayments would need to be readjusted if federal funds are lower. Mr. Anderson noted that the agency is the one who assumes the risk.

Chair Lane asked for clarification that by taking action, MAG is affirming that Mesa has made the determination that the street projects are not crucial to their transportation plan within the city and is making a judgment that this is consistent and works within the regional transportation plans. Mr. Anderson replied yes. He said that MAG has been working closely on this with the City of Mesa and did its own independent analysis of the 16 projects that resulted in the same conclusions as the City's. Mr. Anderson stated that staff ran the regional transportation model. He said that staff has done its due diligence and concurs with the City of Mesa.

Chair Lane asked if this action would set a precedent on major plan amendments. Mr. Anderson replied that funds previously have not been moved from one program (arterial) to another program (transit). He added that due to firewall provisions, sales tax funds cannot be moved from one program to another, but the funds being moved in this project are federal funds and are eligible for this use. Mr. Anderson stated that they do not anticipate other requests to move projects from the ALCP, but it is possible. He stated that the City of Mesa had a large inventory of ALCP projects and had some flexibility to do this.

Chair Lane asked if the major policy shift mentioned by Mr. Anderson represented a significant change, even related to federal funds. Mr. Anderson replied not really. He said that highway funds have been flexed to transit many times in the past; this just represents the first time that ALCP funds had been moved to transit. Mr. Anderson noted that a substantial amount of Congestion Mitigation and Air Quality Improvement funds are flexed annually to transit.

Chair Lane asked for clarification of a major policy shift. Mr. Anderson stated that it is a change because it takes money from the street program and transfers it to the transit program.

Mr. Arnett moved to recommend approval to (1) remove federal Surface Transportation Program (STP) funds totaling \$153,366,043 (2011\$) from sixteen (16) Arterial Life Cycle Program (ALCP) projects and use the funding to reimburse costs associated with design, purchase of right-of-way, and construction of a 1.9 mile light rail transit (LRT) extension on Main Street, from Mesa Drive to Gilbert Road; (2) program federal STP funds to reimburse costs associated with the LRT Gilbert Road project which are contingent on federal funding revenue streams and subject to the ALCP financial program; and (3) consult with the State Transportation Board, the Maricopa County Board of Supervisors, the Regional Public Transportation Authority, the Indian Communities, the cities and towns in Maricopa County, and the Citizens Transportation Oversight Committee, as required by A.R.S. 28-6353, on the proposal to add a 1.9 LRT extension on Main Street, from Mesa Drive to Gilbert Road to the MAG Regional Transportation Plan 2010 Update and 2011-2015 MAG

Transportation Improvement Program as appropriate, contingent on the finding of air quality conformity.

Mr. Arnett stated that he was on the TPC when the Regional Transportation Plan was developed and he is familiar with the Mesa projects. As stated, many of the street projects are going to be done by developers. Mr. Arnett noted that most importantly, times have changed, and rail and transit have changed the landscape of the Valley. He stated that development along the light rail line has been accepted, is popular, and is gaining momentum. Mr. Arnett stated that times have changed and it is appropriate to make adjustments. He noted that the projects are all within the City of Mesa, and if the City wants this for their citizenry, the changes are appropriate.

Mayor Mitchell seconded the motion.

Mayor Smith expressed appreciation to MAG and METRO and said he hoped that everyone supported this item. He stated that the City of Mesa does not take changing the plan lightly, but it saw an opportunity and how important light rail is to the region. Mayor Smith stated that the light rail extension will have an impact on Mesa and on the system as a whole. He stated that people in the Western part of the United States use light rail differently than those in the East. In the West, people drive to park and ride lots, board light rail, and go to cities beyond their own downtown – from one part of the region to another part of the region. Mayor Smith stated that Mesa is willing to invest in this project and take a risk because they feel it is best for the City and for the region long-term. He expressed his appreciation to the TPC for their willingness to consider this approach. Mayor Smith stated that Mesa has accelerated highway projects before, including the completion of Loop 202. He remarked that accelerations are huge economic benefits, and he believed there would not be commercial air service at Phoenix-Mesa Gateway Airport if Loop 202 had not been finished. Mayor Smith stated that the City of Mesa also accelerated the completion of SR-24 using nearly \$100 million in cost savings from construction and right-of-way. He expressed appreciation for all of the staffs getting together and realizing times change and also for the willingness to make adjustments. Mayor Smith stated that they realize that funds are not unlimited and this is a better option for cities, taxpayers, and the region, instead of an outdated plan. He requested support for this item.

Mayor Wolcott expressed her support for the motion. She stated that this represents an historic moment for what is done in the region. This is about being flexible, adjusting to changes as the region grows, and not being married to an idea popular ten years ago. Mayor Wolcott stated that she thought this item was responding more to the needs of residents than the needs of jurisdictions. She expressed support for being able to flex funds and spending them to meet the needs of the people on the ground today. Mayor Wolcott stated that she thought the change was a wise move.

Supervisor Wilson called the question. The vote on the motion passed unanimously.

6. 2012 Annual Report on the Status of the Implementation of Proposition 400

Roger Herzog, MAG staff, stated that A.R.S. 28-6354 requires that MAG issue an annual report on projects included in Proposition 400. The 2012 Annual Report is the eighth report in this series and covers the status of the life cycle programs for freeways/highways, arterial streets, and transit. He noted that the full report is posted on the MAG website. Mr. Herzog stated that a public hearing on the annual report is scheduled for November 15, 2012.

Mr. Herzog stated that all life cycle program costs and revenues were balanced at the end of FY 2010, however, the long-range revenue forecasts again decreased in FY 2011 and FY 2012. Mr. Herzog stated that rebalancing the life cycle programs continued to be a major focus of MAG, ADOT and RPTA during FY 2012.

Mr. Herzog stated that the forecasts of regional revenues of the half-cent sales tax through FY 2026 show a 23.7 percent decrease in FY 2011 and a 3.4 percent decrease in FY 2012. He noted that the FY 2012 actual half cent sales tax collections increased 4.8 percent. Mr. Herzog advised that this is the second year in a row it increased after three years of decline, however, half-cent receipts for FY 2012 remain 17.3 percent lower than those in FY 2007.

Mr. Herzog stated that the recurrence of an imbalance between projected costs and expected revenues in the Freeway Life Cycle Program resulted from lower revenue forecasts in FY 2011 and FY 2012. He stated that this resulted in the development of scenarios to balance the program and the Regional Council approved a scenario in May 2012. Program adjustments included rescheduled projects on the South Mountain Freeway and Interstate 10/Maricopa Freeway; transferred funding from the SR-303L (US-60 to I-17) to SR-303L (I-10 to MC-85); and a reduced I-17 (101L to I-10/Split) budget by \$300 million. Mr. Herzog stated that significant progress was made on projects during FY 2012. Among those were new high occupancy vehicle lanes on Loop 101 and Loop 202/Santan were completed. Those projects advertised for bids or under construction include SR-85 and Loop 303 freeway segments.

Mr. Herzog then addressed the Arterial Streets Life Cycle Program. The recurrence of an imbalance in the ALCP resulted from lower revenue forecasts, with a funding deficit of approximately \$40 million through FY 2026, as well as negative year-end cash balances. Mr. Herzog stated that a rebalancing scenario for the Arterial Life Cycle Program was approved on September 26, 2012 by the MAG Regional Council. He noted that program adjustments include eliminating bonding and adjustments for inflation and deferring reimbursements by one to three years. Mr. Herzog advised that the rebalancing scenario includes no reimbursement cuts or dropped projects. He stated that during FY 2012, \$103 million was reimbursed to lead agencies, \$327 million has been disbursed, and 30 arterial projects have been completed. Mr. Herzog added that \$61 million in reimbursements is anticipated during FY 2013.

Mr. Herzog then detailed the Transit Life Cycle Program. He said that an imbalance in costs and revenues was identified in FY 2011. During FY 2012, RPTA/METRO moved forward with rebalancing the Transit Life Cycle Program by adjusting future services and capital projects to meet

the projected revenues. Mr. Herzog advised that a rebalanced update of the 2012 Transit Life Cycle Program was approved on May 17, 2012, by the Valley Metro RPTA and METRO boards of directors. He stated that since the start of program, 17 new bus routes were implemented, three new light rail extensions were scheduled for completion in FY 2016, and ongoing operations were funded.

Mr. Herzog stated that a performance audit of the Regional Transportation Plan by the Auditor General is required every five years by A.R.S. 28-6313, and the first audit was released on December 21, 2011. He said that the audit found there was “no substantial evidence to warrant drastic modifications to the transportation system (plan) or specific projects.” Mr. Herzog stated that the audit provided 27 recommendations aimed at more efficient and effective implementation of the Transportation Plan, as well as stronger accountability for the performance of the plan. He advised that MAG, RPTA/METRO and ADOT, the Regional Transportation Plan partners, are jointly pursuing the recommendations.

Mr. Herzog stated that ongoing issues include the economy and its impact on transportation revenue collections, the impacts of new federal transportation legislation on funding, the need to make adjustments to project scopes, costs and programs, and continued implementation of the recommendations of the performance audit.

Chair Lane thanked Mr. Herzog for his report. No questions for Mr. Herzog were noted.

7. MAG Managed Lanes Network Development Strategy - Phase I - Project Update

Bob Hazlett, MAG staff, provided an update on the MAG Managed Lanes Network Development Strategy - Phase I Project. He noted that this item was on the agenda for information and discussion. Mr. Hazlett stated previously, he reported to the TPC technical information on managed lanes. This update would provide information on toll revenue modeling.

Mr. Hazlett stated that there are dedicated lanes for one or more user groups in a managed lanes concept. He noted that this region utilizes managed lanes through its high occupancy vehicle (HOV) system, which is the fourth largest in the nation. Mr. Hazlett stated that the primary benefit of managed lanes is travel time savings and reliability. He noted that one of the things this study has been looking at is price managed lanes, where a single occupant vehicle is allowed to use the HOV lane at a price.

Mr. Hazlett pointed out on a map that there are currently 15 projects in the United States that use price managed lanes, and they are becoming more prominent in the construction of new or retrofit projects. Mr. Hazlett stated that four mega-projects valued between \$1.8 billion and \$2.6 billion are currently being constructed in the nation: the Capital Beltway (I-495) near Washington, DC; IH-635 LBJ Freeway in Dallas, Texas; the North Tarrant Expressway in Dallas, Texas; and the I-595 in Fort Lauderdale, Florida. Mr. Hazlett noted that a public private partnership to construct improvements could be a possible option on Interstate 10 or Interstate 17 in the MAG region.

Mr. Hazlett stated that the managed lanes study began one year ago, led by Parsons Brinckerhoff. He said that in screening the network for capacity based on volume, the most promising corridors for managed lanes were those that were indicated in green on the map he displayed. Mr. Hazlett stated that there are constructability issues in some corridors, mostly in developed areas.

Mr. Hazlett stated that the goal is to look at the network from a systemwide viewpoint. He stated that two scenarios were developed: Scenario One (single lane HOT system) and Scenario Two (dual lane HOT system).

Mr. Hazlett stated that to conduct toll and revenue modeling, the consultants used toll models from other cities because this region does not have any toll facilities. He said that the consultants ran a calculation of construction and operations cost estimates.

Mr. Hazlett stated that the 25-mile price managed lane system in Salt Lake City has been in use for five years and they are looking to expand it. He stated that the Utah Transit Authority is required to provide a report on performance measures to the Utah State Legislature, and the report found that safety in managed lanes is better than general purpose lanes as a result of more consistent speeds.

Mr. Hazlett stated that the performance criteria include level of service, peak period travel time savings, travel speed, and single lane and dual lane revenue and costs. He noted that the analysis showed that a managed lanes system would pay for itself. Mr. Hazlett pointed out on a map the top performing segments utilizing single and dual managed lanes, and noted that the study showed that a 60 m.p.h. speed on managed lanes and a 20-30 m.p.h. speed in the general purpose lanes. He stated that the Spine would perform very well with dual lanes.

Mr. Hazlett stated that the study showed that a managed lanes network would provide reliability, be possible to construct, require legislative action, be revenue recovery sufficient, be a feasible solution, and need a policy recommendation. He stated that in the meeting cycle beginning next month, policy guidance and action on moving forward will be requested of the MAG Management Committee, Transportation Policy Committee, and MAG Regional Council.

Chair Lane thanked Mr. Hazlett for his report and asked if there were any questions.

Mr. La Rue noted a previous presentation that stated that the western segment of Interstate 10 was the most congested and today's presentation stated that dual managed lanes would work best in that segment. He added that another presentation was given on light rail operating in the core of western Interstate 10. Mr. La Rue asked if there was sufficient room on western Interstate 10 to accommodate light rail and dual managed lanes. Mr. Hazlett replied yes, ADOT's management consultant working on the study of Interstate 10 from the Stack to Loop 101 has indicated there is sufficient room to accommodate both. Mr. Hazlett added that this segment of Interstate 10 is one of the last segments to be constructed, and as a result, ADOT purchased a lot of right-of-way. He added that there is almost 350 feet of right-of-way.

Mr. La Rue asked if this study would be looking at managing access to freeway lanes and to arterial streets adjacent to freeways, similar to how air traffic control spaces planes. Mr. Hazlett replied yes, and said that at the May 2012 presentation to the TPC he spoke about active traffic management, a companion system to managed lanes, to allow better ramp metering and ramp signal timing for controlling freeway access, and to identify where traffic can access managed lanes. Mr. Hazlett stated that currently, there is unrestricted access, and he added that this is something that will need to be worked out with ADOT. Mr. La Rue noted that work with local jurisdictions would also be needed because of impacts to streets.

Chair Lane asked if there were any further questions. A member of the audience raised his hand. As this item was not on the agenda for action, public comment would have been taken at Call to the Audience. Mr. Smith offered the assistance of MAG staff after the meeting to speak to the citizen.

8. Request for Future Agenda Items

Topics or issues of interest that the Transportation Policy Committee would like to have considered for discussion at a future meeting will be requested.

Mayor Wolcott stated that she thought a worthwhile discussion would be the takeaways from the Utah transit trip. She noted that Utah had accomplished a lot: 12 years ago, it had virtually no transit system and now it is almost complete. Mayor Wolcott thought it would be helpful to start this discussion at the TPC before Regional Council. She suggested convening the attendees first who would then report back to the TPC to identify a single unified vision.

Chair Lane asked Mr. Smith for his ideas on agendizing this item. Mr. Smith stated that the takeaway he has gotten from these trips is political alignment gets things done.

Mayor Wolcott stated that one way to get political alignment is to get people talking and have discussions. She said that she saw a lot of eyes opened on the trip and people were stunned at the economic impacts from making appropriate transportation decisions and investments.

Mr. Smith stated that Jim Rounds will be giving a presentation to the Economic Development Committee and the map he shows describes how Colorado, Utah, and New Mexico are competitive and Arizona is not.

9. Comments from the Committee

An opportunity was provided for Transportation Policy Committee members to present a brief summary of current events. The Transportation Policy Committee is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments were noted.

Adjournment

There being no further business, Mayor Wolcott moved and Supervisor Wilson seconded and the meeting adjourned at 1:10 p.m.

Chair

Secretary